

(c) Basic and Optional insurance reinstated under paragraphs (a) and (b) of this section is effective on the 1st day of the month after the date OPM receives the election. Any applicable annuity withholdings are also reinstated on the 1st day of the month after OPM receives the election.

(d) The amounts of Basic and Optional insurance reinstated under paragraphs (a) and (b) of this section are the amounts that would have been in force if the individual's annuity hadn't terminated.

[62 FR 48731, Sept. 17, 1997; 62 FR 52181, Oct. 6, 1997. Redesignated at 64 FR 72463, Dec. 28, 1999]

§ 870.707 Reemployed annuitants and compensationers.

(a)(1) If an insured annuitant or compensationner is appointed to a position in which he or she is eligible for insurance, the amount of his or her Basic life insurance as a annuitant or compensationner (and any applicable withholdings) is suspended on the day before the 1st day in pay status under the appointment, unless the reemployed annuitant or compensationner waives all insurance coverage as an employee. The Basic insurance benefit payable upon the death of a reemployed annuitant or compensationner who has Basic insurance in force as an employee, cannot be less than the benefit that would have been payable if the individual had not been reemployed.

(2) Except as provided in paragraph (b) of this section, the Basic insurance obtained as an employee stops with no 31-day extension of coverage or conversion right, on the date reemployment terminates. Any suspended Basic insurance (and any applicable withholdings) is reinstated on the day following termination of the reemployment.

(b) Basic insurance obtained during reemployment can be continued after the reemployment terminates if the individual:

(1) Qualifies for a supplemental annuity or receives a new retirement right (or if a compensationner, he or she worked an amount of time equivalent to that required for an annuitant to qualify for a supplemental annuity);

(2) Has had Basic insurance as an employee for at least 5 years of service immediately before separation from reemployment or for the full period(s) during which such coverage was available to the individual, whichever is less; and

(3) Does not convert to nongroup insurance when Basic insurance as an employee would otherwise terminate.

(c) If the Basic insurance obtained during reemployment is continued as provided in paragraph (b) of this section, any suspended Basic life insurance stops, with no 31-day extension of coverage or conversion right.

(d)(1) An annuitant or compensationner appointed to a position in which he or she is eligible for Basic insurance is also eligible for Optional insurance as an employee, unless he or she has on file an uncanceled waiver of Basic or Optional insurance.

(2) If the individual has Option A or C as an annuitant, that insurance (and applicable withholdings) is suspended on the day before his or her 1st day in pay status under the appointment. Unless he or she waives Option A or C (or waives Basic insurance), the individual obtains Option A or C as an employee.

(3) If the individual has Option B as an annuitant or compensationner, that insurance (and applicable withholdings) continues as if the individual were not reemployed, unless:

(i) The individual files with his/her employing office an election of Option B, in a manner designated by OPM, within 60 calendar days after the date of reemployment. In this case Option B (and applicable withholdings) as an annuitant or compensationner is suspended on the date that Option B as an employee becomes effective; or

(ii) The individual waives Basic insurance.

(4) The Option B benefit payable upon the death of a reemployed annuitant or compensationner is the amount in effect as an annuitant or compensationner, unless the individual elected to have Option B as an employee.

(5) Except as provided in paragraph (e) of this section, the Optional insurance obtained as an employee stops, with no 31-day extension or conversion

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right, on the date reemployment terminates. The amount of suspended Optional insurance that remains in force after applicable monthly reductions after age 65 (and corresponding withholdings) is reinstated on the day after reemployment terminates.

(e) Optional life insurance obtained during reemployment may be continued after the reemployment terminates if the annuitant:

(1) Qualifies for a supplemental annuity or receives a new retirement right (or if a compensationner, he or she worked an amount of time equivalent to that required for an annuitant to qualify for a supplemental annuity);

(2) Continues Basic life insurance under § 870.703(a)(2), (3), or (4); and

(3) Has had Optional insurance as an employee for at least the 5 years of service immediately before separation from reemployment or for the full period(s) of service during which it was available to him or her, whichever is less.

(f) If Optional insurance obtained during reemployment is continued as provided in paragraph (e) of this section, any suspended Optional insurance stops, with no 31-day extension of coverage or conversion right.

(g) If a reemployed annuitant or compensationner waives life insurance as an employee, the waiver also cancels his or her life insurance as an annuitant or compensationner.

[75 FR 60584, Oct. 1, 2010]

§ 870.708 MRA-plus-10 annuitants.

(a) The Basic insurance of an individual whose coverage terminates under § 870.601(b), and who meets the requirements for continuing Basic insurance after retirement as stated in § 870.701(a), resumes on the starting date of annuity or on the date OPM receives the application for annuity, whichever is later. The individual must file an election as provided in § 870.701(c) so that OPM receives it within 60 days after OPM mails a notice of insurance eligibility and an election form.

(b) Optional insurance of an individual whose coverage terminates under § 870.602(b), and who meets the requirements for continuing Optional insurance after retirement under

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§ 870.701(e), resumes on the starting date of annuity or on the date OPM receives the application for annuity, whichever is later.

[62 FR 48731, Sept. 17, 1997. Redesignated at 64 FR 72463, Dec. 28, 1999]

Subpart H—Order of Precedence and Designation of Beneficiary

§ 870.801 Order of precedence and payment of benefits.

(a) Except as provided in paragraph (d) of this section and § 870.802(g)(2), benefits are paid according to the order of precedence stated in 5 U.S.C. 8705(a), as follows:

(1) To the designated beneficiary (or beneficiaries);

(2) If none, to the widow(er);

(3) If none, to the child, or children in equal shares, with the share of any deceased child going to his or her children;

(4) If none, to the parents in equal shares or the entire amount to the surviving parent;

(5) If none, to the executor or administrator of the estate;

(6) If none, to the next of kin according to the laws of the State in which the insured individual legally resided.

(b) If an insured individual provides in a valid designation of beneficiary for insurance benefits to be payable to the insured's estate, or to the Executor, Administrator, or other representative of the insured's estate, or if the benefits would otherwise be payable to the duly appointed representative of the insured's estate under the order of precedence specified in 5 U.S.C. 8705(a), payment of the benefits to the duly appointed representative of the insured's estate bars recovery by any other person.

(c) Option A and B insurance in force on a person on the date of his/her death is paid, on receipt of a valid claim, in the same order of precedence and under the same conditions as Basic insurance. A designation of beneficiary for Basic insurance is also a designation of beneficiary for Options A and B, unless the insured individual states otherwise in his/her designation.

(d)(1) If there is a court order in effect naming a specific person or persons to receive life insurance benefits